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Update of Mexico Handbook

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INTRODUCTION

Mexico is one of the most politically complex countries in the hemisphere and one of the few with the established policies and institutions that only stability, a positive tradition, and continuity of purpose can provide. Its rapid economic growth and financial stability are unmatched in Latin America.

Mexico's political and economic progress, in the midst of the political turmoil and fiscal irresponsibility elsewhere in Latin America, is generally credited to its unique political institution of "continuing revolution"—the Institutional Revolutionary Party (PRI). Embodying the myths, legends and ideals of the 1910 Revolution, the PRI over the past 40 years has brought Mexico from backwardness to its current status as a rapidly developing nation. Recently, however, the PRI has been strained by an increasingly sophisticated electorate chafing under one-party rule.

The PRI is largely a victim of its own success. The party embodies all shades of opinion, and through its constituent organizations provides the mechanics for all Mexican voices to be heard. A triad of theoretically coequal "sectors"—labor, peasant, and popular—has representation at all administrative levels down to the smallest community, thus providing a two-way communications channel between the government and the citizen. In practice, however, the structure has provided a control system for a highly centralized political machine. Even with near-absolute power centered in the Mexico City bureaucracy and, finally, in the person of the president, the authoritarian government has been benevolent and committed to the general welfare.

In the name of the Revolution, the government has pursued programs of agrarian reform, incorporation of the Indian into the national life, government control over basic industry and natural resources, the development of industrial and agricultural self-sufficiency, social welfare, and health and education. It is the government's progress in these areas that in large part accounts for a new breed of Mexican. He is a young, fairly well-educated, inquisitive citizen who readily identifies the failures of the system

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The unity of the PRI, which is one of the keys to Mexican stability, has been more and more difficult to maintain as liberal members have tried to

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reform it from within and as small opposition groups make steady, though minor, challenges to the one-party system. Where the system has bent and compromised to absorb opposition elements, it has softened and become vulnerable. Where force has been used to overcome dissidence, the dissenters are embittered and hardened. The over-all result of the PRI's equivocal responses is a growing unwillingness by many to accept what they view as a facade of political democracy, and grass-roots resistance to imposed rule has occurred with increasing frequency in every part of Mexico.

President Luis Echeverria, who took office in December 1970, seeks to broaden the economic and social benefits of Mexico's development. To bring pressure on vested interests to accept policies and programs he believes necessary, Echeverria is encouraging an expansion of the political arena, freer expression of demands and dissent, and more openness on the part of public officials. Inevitably the more traditional political and business communities view this course with concern. While more rapid economic and social change would support Mexico's long-term stability and growth, for the near term it seems likely that Mexico is entering a period of political tension.

The President is engaged in a delicate political juggling act, wanting to open up the system enough to generate support and pressure for his programs without relaxing controls to the point where a split in the PRI would endanger stability. The several political dramas that have been played out during Echeverria's first year as president reinforce other evidence that Mexico may be moving into a difficult political period.

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I. GEOGRAPHY

Location

Mexico extends from the United States southeastward to Guatemala and British Honduras. It is bounded on the west and south by the Pacific Ocean and on the east by the Gulf of Mexico. It is the most northern and western Latin American country.

Area

Mexico, which is about one fourth the size of the US, excluding Alaska and Hawaii, covers about 764,000 square miles. This includes about 1,800 square miles of mostly uninhabited islands. The country is roughly triangular in shape, with a maximum length about 2,000 miles oriented northwest-southeast. The width ranges from a maximum of about 1,300 miles to a minimum of 140 miles.

Climate

Wide ranges in latitude and altitude and exposure to maritime influences result in a very diverse climate. Although variations in topography cause local divergences, generally speaking the lowland plains along the Gulf of Mexico experience warm to hot temperatures, high humidity, considerable cloudiness, and moderate to heavy rainfall throughout the year. The highlands, where annual amounts of rainfall are light to moderate, have a more temperate climate, characterized by cool, clear, dry winters (December through February), warm to hot, cloudy, humid, and showery summers (June through August). The area west and southwest of the highlands—Baja California and the lowland plains along the Pacific coast and Gulf of California—has latitudinally variable climatic regions, with the north characterized by cool, dry, clear winters and hot, less arid, relatively cloudy summers, and the south by annually high temperatures and humidities and a prolonged wet period yielding large annual rainfalls. Both coasts are exposed to the dangers of hurricanes and tropical storms from June through November.

Topography

Mexico consists of a main land mass of complex highlands and lowland plains and a narrow, predominantly barren, rugged peninsula, Baja California. The highland portion occupies much of the width of the country and

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extends from the United States to Guatemala. It contains several prominent mountain ranges and an extensive, dry interior basin and range region. The lowland plains flank the highlands and extend to the coasts. Baja California parallels the main landmass in the extreme northwest.

The character of the northern and southern areas differs significantly. The north is sparsely populated and contains broad, arid flat-floored depressions separated or surrounded by elongated hills or low mountains. The south is more densely populated, is generally more rugged, and receives considerably more rainfall than the north. Average elevations generally increase from about 3,000 feet in the north to over 7,000 feet in the south. There are few perennial streams. Vegetation is generally sparse, with cacti, grasses, shrubs, thorn forests, and scrub forests predominant. The few areas of needleleaf and broadleaf evergreen forest are mostly on upper slopes in the south.

Baja California is an extremely arid peninsula of barren, rugged hills and mountains, with extensive, mainly flat, plains along the Pacific Coast.

Natural resources

Mexico has rich and diverse natural resources. It is the world's largest producer of silver and fluorspar, the second largest of sulfur, and one of the leading producers of lead, zinc, and bismuth. It is an important producer of coffee and cotton, as well as sugar, tomatoes, other truck crops, meat, and shrimp. Mexico has extensive deposits of iron ore and is one of the three major producers of steel in Latin America. The country is also the second largest producer of primary energy resources in Latin America, is self-sufficient in the production of all major food and industrial crops, and has widespread timber resources with a full range of species.

Human resources

Population composition—With a population of 51 million, Mexico has the largest Spanish-speaking population in the world and is the third most populous nation in the Western Hemisphere. Most of the Mexican people are racially mixed, with the Indian strain predominant. The population includes a very large proportion of children and comparatively few adults over 30. About 57% are under 20 years old.

Distribution—Average population density is 66 persons per square mile, but the variety of terrain and climate has led to a very uneven distribution. A

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large majority live in the highlands of the central third of the country. Although few people live in the very highest mountain areas, the areas with over 6,500 feet elevation are by far the most densely populated, having one tenth of the territory and about three tenths of the total population. The next highest zone, with elevations of about 3,000 to 6,500 feet, has about four tenths of both land area and population. The hot regions of the lower elevations are relatively sparsely settled; they account for about one half the land area but only about three tenths of the population. Mexico is primarily a country of hamlets, villages, and small towns. Rural to urban migration is changing the distribution pattern, however. The number of cities with more than 100,000 inhabitants grew from 29 in 1960 to 45 in 1970. The population of these 45 cities increased by 64.4% to over 20 million. The three largest metropolitan areas, those of Mexico City, Guadalajara, and Monterrey, had 11.2 million inhabitants, or over 23% of the total population.

Demographic trends—Mexico's birth rate has been at a high level for many years, and the annual rate of population growth is rising. At its present 3.5% annual increase, Mexico will double its population in 20 years. There is no evidence that a substantial decline in the birth rate is imminent. The present population structure is conducive to a further increase in the rate of growth for the next two decades, and the anticipated decline in mortality will also accelerate population growth. Family planning is a sensitive issue in Mexico, and the government has not espoused a birth control program, although it tolerates private research efforts and the establishment of birth control clinics. On the whole, the authorities have regarded the problem of population pressure as one of too little economic development rather than of too many people.

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II. ECONOMIC BACKGROUND

Growth rate and trends

Mexico has made outstanding economic progress since the mid-1950s, and growth will probably continue to be relatively rapid over the next few years. It is unlikely, however, to match the 7% rate of the 1960s. Expansion in the agricultural area will be more difficult and expensive than in the past. Import substitution in manufacturing, which must now concentrate increasingly in the fields of intermediate products and producers' equipment, will be more difficult and may bring less net benefit than the replacement of consumer goods imports. Export earnings, though nicely diversified for a less developed country, remain vulnerable in certain respects. About 44% of exports consist of agricultural products (notably cotton, sugar, coffee, and tomatoes), sales of which are subject to restrictive international export arrangements or protectionist pressures in the principal importing countries. Another 14% of Mexican exports consist of metals, ores, and concentrates, the prices of which may decline in the 1970s from their present high levels.

By 1971 Mexico had begun to experience an economic slowdown characterized by slow sales, growing inventories, reduced profits, and extremely tight money and credit. A slump in government spending often occurs pending approval of investment plans at the beginning of each six-year administration. To some extent the slowdown represents an intentional cooling process welcomed by the government, but it also points up long-standing and serious structural problems in the economy, such as rapid population growth, inequitable income distribution, and severe trade imbalances. Long-term implications of the current stagnancy may be positive if, as the government hopes, the slowdown results in greater price stability.

Income distribution

Although Mexico's income distribution is more equitable than that of most Latin American countries, many people do not share in the general economic advance. In the rural sector, misery is widespread. Over three million farmers on small holdings or communal farms have incomes of less than \$100 a year, and two million landless peasants are even more impoverished. Many of these peasants drift to the city to swell the ranks of urban unemployed and underemployed and put additional pressure on already strained urban facilities. A large part of the urban labor force can find only casual work and is frequently unemployed. All of this is reflected in a

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growing inequality of incomes. Between 1950 and 1964-65, the wage and salary share of the lowest 30% of the workers fell from 13% to 6%, while that of the upper 10% rose from 31% to 36%. Moreover, the incomes of a large number of people declined absolutely as well as relatively. Mexican income distribution is skewed further if other occupational classes and sources of income are considered, even though the poorest workers benefit most from social security payments, often hold two full-time jobs, and generally have more workers per family. The lowest classes include disproportionate numbers of people who have little or no income—the unemployed, subsistence farmers, and dependents. Persons in the upper wage-earning groups, on the other hand, receive most of the dividend, interest, and rent income.

Main sectors—trends in industry and agriculture

Industry has been the focal point of the government's development policy. Under the stimulus of quota restrictions on imports, preferential credit arrangements, and direct government investment, industrial production has increased at a steady average annual rate of 9.8% since 1955. Manufacturing output, which is directed primarily to supplying the domestic market, has been one of the most dynamic sectors since the mid-1950s. As a result, the country is close to self-sufficiency in nondurable manufactures for consumption and is able to meet most of the demand for consumer durables, including automobiles. A wide range of producer goods also is manufactured, including most of the materials needed by the construction industry and most requirements for intermediate chemicals and rubber. Production of automotive equipment, agricultural machinery, railroad cars, and smaller electric power machinery also meets most of the demand for those goods, but imports are necessary to fill more than half of capital goods needs and about one third of producer goods requirements as a whole.

A large and diverse supply of natural resources, a ready availability of labor and enterprising industrial leaders, and the rapid growth of import capacity supported by agricultural exports after World War II are all underlying reasons for the rapid growth of manufacturing output. Manufacturing has been the principal beneficiary of government electric power and transportation development, tax benefits, and the government-sponsored formation of a capital market. The replacement of imports by domestic manufactures, the cornerstone of the Mexican Government's industrial policy, has been implemented through widespread quantitative controls of competing imports, which often has resulted in domestic prices 30% to 50% higher than those of comparable foreign goods. Protection also has resulted in many deficiencies in product quality.

Manufacturing is concentrated in Mexico City and the surrounding state of Mexico, which accounts for about one half of total output. Other centers of industry are Monterrey, Guadalajara, and Veracruz.

Agricultural programs have been fairly successful. Output has grown at the impressive average rate of 4½% annually since 1950, almost half again as fast as the population. A net importer of farm products during World War II, Mexico has now become a net exporter in spite of its large population increase.

Although agriculture is the country's major occupation, its contribution to GDP is small. The aridity of most of the country, generally poor soil, and a low level of technology are major causes of relatively low productivity of the sector. Almost 90% of the farmers operate on only a few hectares of land and have little access to capital goods beyond traditional hand implements. Poorly educated and frequently politically weak and physically and culturally isolated, most of these farmers (two thirds of whom received their land through agrarian reform) cultivate primarily corn, beans and other staples, using rudimentary techniques.

Most responsible for the agricultural advance, and its main beneficiaries, are the 500,000 medium-sized and large commercial farms, which account for about 7% of the rural labor force of some seven million persons, one fourth of the cultivated land, and one half of the agricultural output.

Transportation and communications system

Mexico has one of the best transportation systems in Latin America. The government policy of linking all parts of the country and providing cheap transportation for all citizens has succeeded very well considering the difficult terrain obstacles. The railroad network is the third largest in Latin America, after Argentina and Brazil, and has recently been upgraded by a \$491-million investment in the five-year plan that began in 1966. Highways are the principal mode of transportation and make up the best developed system in Latin America. A major deficiency is the nearly total lack of east-west routes in the northern part of Mexico. Mexico has the most extensive network of oil and natural gas pipelines in Latin America. Commercial aviation has developed rapidly since World War II, and the more than 1,000 airfields permit quick access to any region in the country.

Telecommunications are well developed, both in extent of coverage and in range of modern services provided. Telecommunications facilities are undergoing a vast expansion program, stimulated by major investments made in connection with the 1968 summer Olympics.

Government economic policy and financial system

The Echeverria administration has displayed unusual energy in economic planning, and has publicly recognized that its current account balance is unsatisfactory. Official statements of policy have emphasized the need to increase exports, to halt inflation, to relocate industry outside the main population centers, to reduce foreign borrowing, and to ensure that foreign investment raises the technical level of Mexican industry.

The prime objective of government policy continues to be the raising of the standard of living of the population by establishing a self-sufficient industrial economy and expanding technologically advanced sectors of agricultural production for the domestic market and for export. In pursuing this objective, the government has relied partly on the initiative of the private sector but has guided its activities by import duties and quotas, credit controls, subsidies, and price supports. Financial stability has been maintained by the regular achievement of government budgetary surpluses on current account, the limitation of public investment expenditures to funds provided by tax revenues and borrowing from the private sector and abroad in most years, and the maintenance of balance-of-payments stability through the expansion and diversification of exports and long-term borrowing.

The financial system, which included 246 private banks, 24 specialized government banks, and about ten trust funds administered by the central bank at the end of 1965, is headed by the Bank of Mexico. Established as the central bank in 1925, it holds about one seventh of total bank resources and is the sole bank of issue. It is the fiscal agent of the government, its representative in the major international lending agencies, and manager of the country's gold and foreign exchange reserves. It has maintained the country's basic monetary unit, the peso, at an exchange rate of 12.5 to one US dollar since April 1954. Apart from the central bank, the most important financial institution is the publicly owned National Finance Bank, which accounted for almost 18% of the resources available to the banking system in 1965. Established in 1934 to sell government bonds, it was reorganized in 1940 as a development bank to finance public construction of economic infrastructure and public and private industrial investment. It is the major institution engaged in attracting capital from abroad.

Foreign trade

Mexico is one of the countries of Latin America least oriented to foreign trade. Since 1943, Mexico has sustained sizable annual trade deficits, but these have been offset wholly or in part by large net receipts from

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tourism. Exports in 1970 (\$1.3 billion) declined slightly, by 1.2%, while imports (\$2.4 billion) rose 18.2%. The greatest part of the export drop was the result of a decline in agricultural exports due to the poor crop year in 1969. The government has taken various new actions to expand exports, including the establishment of a Mexican Institute of Foreign Trade, an attack on inflation, the extension of fiscal stimuli to exports, and increased pressure to diversify markets. Mexico's foreign trade problem remains intractable, however, and large deficits will continue. Mexico will still need to borrow heavily to service its substantial foreign debt and continue support for domestic investment programs. Mexico's position is highly vulnerable to external developments, both as to markets and as to interest rates and other factors involved in international borrowing.

Balance of payments

Despite the enlargement of the current account deficit, Mexico has not experienced any serious balance-of-payments problems because of gains on the capital account. The country's excellent external credit rating permits continued generous borrowing from international agencies and from public and private sources in the United States, Europe, and Japan for purposes of economic development. It is the government's policy to borrow in amounts that will not make interest and amortization payments too heavy a burden.

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III. POLITICAL SITUATION AND TRENDS

Historical summary

Mexico's continuing identification with its Indian heritage leaves Cortes—the country's Spanish conqueror—the rebuffed figure of Mexican history, a personality whose memory is honored by no monument or heroic recognition. After his landing with a handful of men at Veracruz, Cortes began his famous march to Mexico City in August 1519, in an invasion that profited from both the discontent among the tribes subjected to Aztec rule and from the fatalistic conviction of Montezuma that Cortes was the white god Quetzalcoatl, whose reappearance in the east during his reign was prophesied. Following Cortes' domination of Mexico, the Spanish established a social structure with rigid and sharply drawn class lines based largely on wealth, race, and place of birth. Spanish royal officials and the upper hierarchy of the Catholic Church were at the top of the pyramid, with the native Indians and imported Negroes at the base. Because an ostensible goal of the conquerors was the conversion of the pagans, the church became identified with royal power and came to play an important economic and political role in colonial life.

Napoleon's invasion of Spain in 1808 launched the colony on its struggle for independence. Following several abortive uprisings, Father Hidalgo, who had worked for the social and political advancement of the Indians, called the Indians together on 16 September 1810, and began an Indian advance from Dolores to Mexico City, thus beginning the war for independence, which was a revolt against both the Mexican landowners and the Spanish. After eleven years of turbulence, Mexico successfully separated from the Spanish Empire in 1821 and began its long struggle for effective nationhood, against a background of cultural, economic, and geographic obstacles of tremendous magnitude. Strong traditions of localism and regionalism were fortified by the rough terrain that made communication difficult. The Indians were and remain in various stages of integration, some still living according to ancient tribal ways and preferring their indigenous languages. The 300-year control by Spain established a tradition of centralized government, but at the same time the system of latifundia and peonage made for an essentially feudal structure of society. This pattern was increasingly challenged by a small but vigorous commercial class imbued with the liberal economic ideas of the late 18th century. Joining them were intellectuals of all classes who embraced the principles of the French Revolution. These varied social elements coalesced after independence into liberal and conservative groups to give 19th century Mexico a distinctive development.

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After an initial setback under Emperor Iturbide, the Mexican liberals controlled the central government until 1835. For the next two decades the dominant conservative forces, aided by [REDACTED] Santa Anna, brought disaster in the form of the Texas revolution and the Mexican War. The turning point came with the accession of Benito Juarez, who was able to save Mexico from French occupation under Maximilian. Equally important, his reforms broke the heart of the traditional Creole and church power, firmly established the liberal tradition, and opened the way for the growth of Mexico's new middle class. Under the dictatorship of Porfirio Diaz, the political evolution set in motion by Juarez was blocked, but the economic changes implicit in the Juarez reforms found full expression—with foreign capital Diaz launched the modernization of Mexico's economy. Diaz' suppression of liberty, however, led to the Revolution of 1910. The liberal movement came to fruition in the constitution of 1917, which compromised the objectives of socialist labor and land-hungry Indians with the capitalist interests of the middle class. This coalition as it developed provided increasingly stable government to Mexico and facilitated the economic progress. Consolidation of revolutionary achievements was effected by the late 1930s under the Cardenas government, and Mexico's industrial and commercial advances since that period have been rapid.

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Structure and functioning of the governmental system

Although the constitution provides for the separation of federal powers, there is, in effect, personal government by the president, who derives his power chiefly from a strong political machine. Executive supremacy is the key reality of the Mexican system. Adherence to the constitutional provision that the president must be chosen by direct vote of the people is only formal. In practice, he is selected by the outgoing chief executive in consultation with top advisers in the official party, and the electors merely ratify this choice. The bicameral legislature is completely subservient to the executive; it merely approves executive measures. The supreme court and lesser federal courts have never made and upheld decisions thwarting the will of the president on major aspects of national policy. The president has the power to appoint practically all administrative officers and employees of the federal government, justices of the supreme court, judges of the superior courts of the federal district and of the territories, higher officers of the armed forces, and members of the diplomatic service. State governors are usually his personal agents. The president conducts foreign affairs and is commander in chief of the armed forces. He may, within certain constitutional limitations, revoke the constitutional guarantees of civil and political rights. The president is assisted by a cabinet of 19 members whom he appoints and removes at will.

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When he assumes office, the president inherits substantially the political machinery of his predecessor—a congress and all of the state governors elected during his predecessor's term. By the end of his six-year term all the governors will have been replaced by men of his own choice and the lower house of congress will have had a complete turnover of members. In this way, the political strength of a president normally increases steadily during his term. Most recent presidents have been chosen from the cabinet.

The legislative branch has recently been upgraded to some extent, although it is still ineffective as a lawmaking body. Beginning in the 46th Congress (1964-67), a new constitutional provision gave representation in the lower house to parties obtaining a minimum of 2.5% of the total vote cast. In the past two elections, only one party has actually qualified for these bonus seats in the congress, but the government approved seating delegates from three parties in order to balance the representation of the opposition between the right and the left.

The government has created numerous decentralized agencies and enterprises in which it participates in some form. These agencies conduct a wide variety of activities. Some of the more important are the Mexican Institute of Social Security; PEMEX, the nationalized oil industry; National Railways of Mexico; the National Finance Agency; the National Bank for Ejidal Credit; and Aeronaves, the national airline.



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Political dynamics

Of the four legally registered political parties, the only one of real significance is the Institutional Revolutionary Party (PRI), the institutional embodiment and self-appointed guardian of the Revolution. It normally receives about 85% of the vote in national elections and has tentacles in all phases of economic, social, and political life. The instrument of a benevolent dictatorship, the PRI is unique and effective. It is subordinate to the incumbent president but as an institution has a durability beyond the personal popularity or power of individual executives. The PRI incorporates the facts, myths, and legends of the Revolution, which give Mexicans a sense of nationality and political participation. It has controlled every national and

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25X6 most state and local elections since its founding in 1929 and holds well over 90% of all elected positions. Those held by other parties are usually at the sufferance of the PRI. Other groups are allowed to operate in order to maintain [REDACTED] democratic competition and to prevent the opposition from becoming alienated from the political mainstream. Most Mexicans seem satisfied with the programs and accomplishments of the PRI, even though the public is conspicuously insignificant in the political processes.

The PRI has long been representative of widely divergent socioeconomic groups, and it has shown considerable flexibility in dealing with and at times absorbing opposition elements. Political contests in Mexico are mainly intra-PRI affairs, and maintenance of party unity, a key to political stability, is a formidable task. A strain between the entrenched party bureaucracy and progressive elements in the party, made up mainly of leftists, intellectuals, and youth, has grown to significant proportions in the last few years, particularly since the presidency of Gustavo Diaz Ordaz (1964-1970). Protest against the party's imposition of unpopular candidates on the local level has risen substantially.

Of the three other parties that are legally inscribed, two follow an essentially collaborationist policy vis-a-vis the PRI and are subsidized by the government to maintain a nominal opposition. One, the Authentic Party of the Mexican Revolution (PARM), has a constituency of old revolutionary generals and their families and is steadily declining in size. The other, the Popular Socialist Party (PPS), was the largest of Mexico's small Communist parties until it was decimated by the withdrawal of its large labor bloc and by factionalism when its founder, Vicente Lombardo Toledano, died in 1968.

Only the National Action Party (PAN) gives the ruling party serious opposition and has some success in electoral contests at the local level. Primarily a middle-class party with its greatest strength in urban areas, the PAN endorses the social aims of the government but takes the line that it can carry them out better. [REDACTED]

25X6 [REDACTED] a strong minority in the party believes that the PAN's participation in the elections may retard the evolution of a more open system by perpetuating the myth of Mexico's functioning democracy. This view of the futility of responsible opposition is likely to be taken by larger numbers in the PAN if the government refuses to accord it an enlarged political role, and the party may eventually move to a more active and disruptive strategy.

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Electoral system

To register and present candidates, a party is required to have 75,000 members, of whom more than 2,500 must reside in each of two thirds of the nation's 29 states, two territories, and the Federal District. Registration is granted and revoked by the secretariat of government, which continues to approve the participation of the PARM and the PPS, despite the fact that neither has the required membership.

Mexico established universal suffrage in 1953 and in 1970 extended the vote to all 18 year olds. There are no literacy, property, or poll tax qualifications. Voting is obligatory but the law is not generally enforced. In the most recent national elections, those for president and renewal of both houses of congress in July 1970, the total vote was almost 14 million. The PRI presidential candidate, Luis Echeverria, received 86% of the votes and the PAN candidate, Efrain Gonzalez Morfin, 14%. The two smaller parties, the PPS and the PARM, supported Echeverria. The PRI made a clean sweep of all 60 seats in the Senate and 178 seats in the Chamber of Deputies. Under the system for minority party representation the PAN was assured of 20 bonus seats in the lower house, however, and the two smaller parties were represented as well, despite their failure to poll the "required" 2.5% of the congressional votes. In 1971 President Echeverria proposed electoral reforms to give further representation to minority parties.

Security system

Police establishments of various kinds are maintained at each level of government, federal, state, and municipal. Since the Revolution of 1910-20, there has been no single federal police force of paramount power and influence. Nevertheless, components of the federal police system are so sensitive to the wishes of the central government that the system is nearly as responsive as a single force. The most important police forces are the Federal Judicial Police, subordinate to the attorney general; the Federal Highway Police, under the secretariat of communications and transport; the Judicial Police of the Federal District and Territories; the Police of the Federal District, the metropolitan police of Mexico City; The Federal District Traffic Police; and the Federal Judicial Military Police of the secretariat of national defense.

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IV. SUBVERSION

Mexico remains among the most politically stable nations of the world, and there is no imminent threat to the ruling group or to the continuing viability of the government. Increasing manifestation of political dissidence along with worsening socioeconomic situations in some areas, however, suggest the possibility of significant deterioration of stability in the longer run. Rural poverty is massive, and clashes between peasant groups and the security forces are frequent in some parts of the country. Unrest is endemic among urban youth, particularly students, and their harsh encounters with the security forces have left in their wake bitterness and unsettled scores that make further agitation likely.

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Communist party and front groups

The Communist movement in Mexico is weak, divided, and ineffective. There is almost no cooperation between the many Marxist organizations, and each group is itself rent by factionalism. The Mexican Communist Party (PCM) has only about 3,000 members, and, though it is not proscribed as a party, it is subjected to severe harassment by the government. Following the Soviet invasion of Czechoslovakia in August 1968, the PCM reversed its traditional policy of subservience to Moscow, and the effort to stress independence of the USSR further fragmented the party. The Popular Socialist Party (PPS), the only Marxist group to enjoy registration and electoral participation, has served mainly as a useful political foil for the government. The PPS was essentially the personal instrument of Vicente Lombardo Toledano, a highly respected Marxist intellectual, and his death in November 1968 has left the PPS rudderless, splintered, and moribund.

The most active, disruptive Communist groups are small lunatic-fringe organizations—Trotskyists, Maoists, and others made up usually of defectors from the PCM—which engage in occasional sabotage, guerrilla adventures, and political agitation. Government action against these groups during their active periods has been effective and severe, and the repression has usually spilled over to affect the PCM or uninvolved individual dissidents whom the government wants off the scene.

The Communists rarely are able to incite significant agitation, but they are effective in aggravating dissident outbursts and in manipulating dissident groups.

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Mexico is unusual in having a large number of influential Marxist-oriented intellectuals who are not affiliated with the Communist parties. Most are active in some organized front, but some operate independently, within the government, at the universities, or in professional or artistic circles. They are useful to the Soviet Union and to some extent are subject to Soviet direction.

Extremist groups

Groups dedicated to subverting the government pose less of a problem in Mexico than in most Latin American countries. Extremist behavior by certain groups is a problem, but one that has not strained the capability of the security forces. A number of rural areas in Mexico have continuing histories of banditry, family feuds, cattle rustling, squatting, and similar violence-provoking activities. Disorders also frequently attend student agitation, which is endemic. Possibly the most serious disorder Mexico experienced since the armed phase of the Revolution occurred in the summer of 1968, when students exploited the international attention on Mexico as host of the Olympic games to mount strong antigovernment demonstrations. The subsequent rioting resulting in many deaths.

In 1971 a dramatic series of events, including the disclosure of the existence of a number of self-styled guerrilla and terrorist groups, a series of bank robberies, a spectacular kidnaping of an official, and the most serious student-government conflict since 1968, opened wider the possibility that Mexico might not be immune from the urban terrorist action that has afflicted other governments in the hemisphere. By late 1971, however, indications seemed to be that the various "terrorist" groups were more criminal than political. Still, political tensions within the ruling establishment provide a somewhat favorable atmosphere for dissidents to adopt a violent strategy.

Foreign subversive activity

Mexico maintains diplomatic relations with Cuba, the USSR, Czechoslovakia, Poland, and Yugoslavia. The large Soviet and Cuban embassies in Mexico are apparently the channel for funds and contact with Central American Communist parties and insurgent groups. Mexico also is a haven for exiles from other Latin American countries, and many of these exiles actively engage in plotting against their native governments.

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In the spring of 1971, security forces uncovered a guerrilla group allegedly trained and initially supported by North Korea with the connivance of the USSR. The Mexican Government took out its indignation on the Soviets (in the absence of a North Korean diplomatic mission in Mexico) and expelled five Soviet diplomats.

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V. LEADING PERSONALITIES

Political

Luis Echeverria Alvarez, began his six-year term on 1 December 1970. Since then, he has set a frenetic pace and has shown determination to give his administration a more popular and activist image than that of his predecessor, Gustavo Diaz Ordaz. Echeverria has contended with several political crises early in his term, and his forceful style in dealing with them has gained him popularity with liberal elements but at a very high cost. There is reason for concern that Echeverria will stimulate demands and expectations that his administration cannot meet, and that disillusion may become more serious than the apathy Echeverria has tried to dispel.

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Echeverria has appointed many young men to important positions, has initiated several domestic reforms aimed at more equitable distribution of the country's wealth, and has established new councils to deal with science, trade, and the environment. Almost every weekend the President travels to remote areas in Mexico to bring government to the people and to acquaint himself with local problems and issues.

Intensified strains within the ruling party, bitter relationships between politicians that have developed since Echeverria took office, as well as the proliferation of small extremist groups—both political and criminal—and rumors of military discontent are potential threats to the Echeverria government.

Manuel Sanchez Vite, president of the ruling Institutional Revolutionary Party (PRI).

Vicente Fuentes Diaz, secretary general of the PRI

Octavio Senties, regent of the Federal District, replaced Alfonso Martinez Dominguez,

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Mario Moya Palencia, Secretary of Government, replaced President Echeverria in this post in November 1969. Moya is young (38), has moved up fast politically, and is regarded as a prime contender for the presidency in 1976.

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Emilio Oscar Rabasa Mishkin, Secretary of Foreign Relations, had been ambassador to the US for three weeks before his cabinet appointment. Rabasa is a close friend of President Echeverria.

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Pedro Ojeda Paullada, replaced Julio Sanchez Vargas in one of the top-level changes that followed the June 1971 crisis. Ojeda is exemplary of the Mexican politician who starts young, works hard, and makes a good impression on his superiors. He is regarded a "comer" who may be in line for higher positions in the ruling establishment.

Hugo B. Margain, Secretary of Finance and Public Credit, was ambassador to the US from 1965-70.

Alfonso Garcia Robles, permanent representative to the UN, is Mexico's chief spokesman for and expert on international control of nuclear energy and disarmament.

Carlos Torres Manzo, Secretary of Industry and Commerce

Hugo Cervantes del Rio, Secretary of the Presidency

Manuel Bernardo Aguirre, Secretary of Agriculture and Livestock

Rafael Hernandez Ochoa, Secretary of Labor and Social Welfare

Hermenegildo Cuenca Diaz, Secretary of National Defense

Horacio Flores de la Pena, Secretary of National Patrimony

Eugenio Mendez Docurro, Secretary of Communications and Transport and Director General of The National Council of Science and Technology (CONACYT)

Victor Bravo Ahuja, Secretary of Education

Luis Enrique Bracamontes, Secretary of Public Works

Leandro Roviroso Wade, Secretary of Hydraulic Resources

Jorge Jimenez Cantu, Secretary of Health and Public Assistance

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Antonio Dovali Jaime, Director General of Petroleos Mexicanos (PEMEX)

Efrain Gonzalez Morfin, leader of the opposition National Action Party (PAN)

Fidel Velazquez, Secretary General of the Confederation of Mexican Workers, the labor arm of the ruling party

Business

Julio Faesler, director of newly established Foreign Trade Institute

Agustin Legorreta, President of the Banco Nacional de Mexico

Giullermo Martinez Dominquez, Director of the National Development Bank (NAFIN)

Ernesto Fernandez Hurtado, Director General of the Bank of Mexico

Agustin Olachea Borbon, director of Tourism

Carlos Trouyet, wealthy industrialist, president of the board of directors of Telefonos de Mexico

Antonio Ortiz Mena, long-time Secretary of Finance, now head of the IDB

Communications media

Romulo O'Farrill, radio, television and newspaper magnate

Raul Azcarraga, millionaire, magazine publisher, and communications media

Julio Scherer Garcia, director and chief editor of Mexico's largest daily, Excelsior, and friend of Luis Echeverria

Education and art

Pablo Gonzalez Casanova, leftist rector of Autonomous National University of Mexico (UNAM)

Guillermo Massieu, rector of National Polytechnic Institute (IPN)

Victor Urquidi, director of Colegio de Mexico, adviser to Bank of Mexico

Carlos Fuentes, internationally noted novelist

David Alfaro Siqueiros, muralist, intellectual, prominent Communist

Octavio Paz, poet, philosopher

Amalia Hernandez, directress of the Ballet Folklorico

Religion

Cardinal Miguel Dario Miranda, primate of Mexico

Bishop Sergio Mendez Arceo, controversial bishop of Cuernavaca, who protected Ivan Illich's Centro de Investigacion y Documentacion (CIDOC), which provides a haven for dissident clerics.

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VI. ARMED FORCES

Mexico implicitly depends on the United States for defense against an external threat, and the role of the armed forces is that of providing internal security. One of the major aspects of security, the protection of the seat of government and the president, is evident in the deployment of military elements in and around Mexico City. These units have the best troops and most of the armor, artillery, and automatic weapons. The remaining armor and artillery are within 80 miles of the capital. The resulting limitation of the capability in other zones is overcome by the rapid deployment capability of the air force's well-equipped parachute battalion. The 64,000-member army is concentrated in the center of the country with only a small part of its force deployed to meet a potential invader. Fewer than 10,000 soldiers are stationed along the US-Mexican border, and only about 2,500 are in the southern states bordering Guatemala and British Honduras. The 9,700-man navy, equipped with only minor combat craft, has very limited capability to repel an external enemy. The air force, with 4,100 men, can support the army to a minor degree, but its lack of armament, of radar equipment, and of gunnery-trained pilots limits its capability. All armed forces personnel are volunteers.

There are no paramilitary forces capable of a substantial contribution to Mexico's ground combat strength. The 70,000-man rural defense corps, a loose organization of volunteer infantry and cavalry battalions, is under the command of the various military zones and has very limited combat effectiveness. The defense budget is regularly under 10% of the total national budget.


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VII. FOREIGN RELATIONS

Mexico's foreign policy is based on the four cardinal principles of nonintervention, self-determination, juridical equality of nations, and peaceful settlement of disputes. Unlike former president Lopez Mateos, who had wanted Mexico to assume a position of prominence on the world scene, President Diaz Ordaz emphasized the more realistic goal of improving relations with Latin America, particularly with the small republics to the immediate south. This policy met with considerable acclaim from Central Americans, who had long felt neglected by their large northern neighbor. Good-will missions between Mexico and Central America have been frequent since Diaz Ordaz' Central American trip in January 1966. President Echeverria met with all the Central American presidents in 1971.

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Mexico has maintained coolly correct relations with the Communist bloc. A warming period during 1968, connected with Mexico's desire to present a universalist image for the Olympics, was achieved by the foreign minister's visit to the USSR, but the good will was negated later that year by the Soviet invasion of Czechoslovakia and the Mexican student disturbances, which were perpetrated in part by pro-Communist elements. Instruments of ratification were exchanged in April 1969 for the Mexico-USSR cultural agreement, although cultural exchange under the treaty is less than before the agreement existed. Relations took a precipitate downturn in the spring

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of 1971, when Mexico expelled five Soviet diplomats after security police exposed a foreign-trained Communist guerrilla group.

Relations with Eastern Europe have remained at a modest level. Mexico was sympathetic to Czechoslovakia both during its liberalization period and after its occupation. Relations with Yugoslavia are cordial. Hungary and East Germany continue to maintain trade offices in Mexico. Mexico recognizes Nationalist rather than Communist China and South rather than North Korea. Although Mexico recognizes the Republic of Vietnam, no representatives have been exchanged. In theory Mexico favors trade with all countries, including the bloc and Communist China; in practice, however, such trade has been limited to occasional use by Mexico of Communist countries as markets for excess food grains and cotton.

Until 1971 Mexico was the only Latin American country to maintain diplomatic and trade relations with Cuba. It cites the release of US citizens from Cuba through Mexican diplomatic efforts as evidence of the utility of a "communications bridge" between the Castro regime and the rest of the hemisphere. Relations, however, have been strained, particularly since the Mexican student problems of 1968, which aroused the suspicions of Mexican security forces about Cuban subversive activities. Also in 1968, the Cuban Ambassador played a prominent role in an effort to kidnap a Cuban code clerk who had come to Mexico after defecting in Indonesia. The hijacking issue and Cuba's expulsion of a Mexican diplomat accused of spying for the US heightened tensions between the two countries, but there may be a thaw under the Echeverria government.

One of the most important achievements of the Diaz Ordaz government was the signing in February 1967 of the Treaty of Tlatelolco "for the proscription of nuclear weapons in Latin America." Upon ratification by the nuclear powers, the treaty would make Latin America the first nuclear-free zone. The US has signed and ratified but the USSR has not.

Although Mexico deplores the Vietnam war, its policy is to avoid creating difficulties for the US in international forums. Furthermore, it has actively discouraged groups in Mexico from demonstrating against US participation in the war.

VIII. US INTERESTS

Mexico is highly sensitive to foreign influence in matters it regards as internal, and US assistance in military matters is limited to training, orientation visits to the US by senior officers, and liaison. Mexican nationalism, pacifist sentiments, and traditional fears of the US have prevented the completion of bilateral mutual security arrangements. Like other active participants in the inter-American system, Mexico is a signatory of the Rio Treaty of reciprocal assistance.

US technical cooperation programs are generally not well received in Mexico, although the country has supported UN technical and social programs in its territory and has publicly endorsed the Alliance for Progress. Mexico has cooperated with the US by informally enforcing the US Battle Act, which embargoes strategic materials to Communist countries. It has also departed from tradition in permitting a US satellite tracking station on Mexican territory. There have been many scientific exchanges between the two countries, and cooperation on such matters as nuclear desalting, seismographic studies, geodetic satellite observation, and recovery of US space objects.

Despite Mexicanization, the policy under which some foreign investors have been forced to accept majority local control and the fact that all remain vulnerable to this pressure, new direct investment has continued to flow into Mexico at a substantial rate—roughly \$100 million additional per year—and most US enterprises in Mexico are relatively well satisfied with their over-all situation. US direct investment in 1968 totaled \$1.4 billion (\$907 million in 1963). Foreign investment is a controversial subject in Mexico and the antipathy of Mexicans to "intervention" from US businessmen has deep historical roots. As late as 1935 foreign capital controlled 98% of the mines, 99% of the petroleum, 79% of the railroads, and 100% of the electric power. Nationalization under President Cardenas meant that by 1939, foreign capital financed only 15% of total fixed investment and the level as a percent of total investment and as compared to the gross national product has been declining since 1940.

The US is Mexico's principal trading partner, purchasing about two thirds of its exports and supplying two thirds of its imports. (See the tabular data.) The US share of Mexican trade has been declining because of the increased importance of Mexico's exports to Latin America and because of a conscious effort on the part of Mexican officials to diversify traditional sources of imports.

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US citizens account for about 85% of Mexico's tourist trade, which together with border trade netted Mexico nearly \$400 million in 1966.

Despite the persistent deficit on current account, Mexico's balance of payments has stayed in the black because of gains on the capital account. An excellent external credit rating permits continued generous borrowing from international agencies and from public and private sources in the US and other areas for economic development.

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IX. CHRONOLOGY AND TABULAR DATA

CHRONOLOGY

- 1910 (20 November) Outbreak of the Revolution.
- 1929 (March) Political party, that has controlled government ever since, founded; present name of Institutional Revolutionary Party (PRI) adopted in 1946.
- 1938 (March) Oil industry expropriated and nationalized by President Lazaro Cardenas.
- 1946 (December) Miguel Aleman inaugurated; first civilian President since Medero (1911-13).
- 1952 (December) Adolfo Ruiz Cortinez inaugurated President.
- 1955 (July) Women vote for first time in national elections.
- 1958 (1 December) Adolfo Lopez Mateos inaugurated President.
- 1959 (February) Presidents Lopez Mateos and Eisenhower meet at Acapulco.
- 1962 (March) Presidents Lopez Mateos and Kennedy join in urgent call for solution to Colorado River salinity problem.
- (June) President Kennedy visits Mexico City.
- (October) Mexico reacts strongly against Soviet missiles in Cuba and supports OAS resolution calling for arms quarantine of Cuba.
- 1963 (March/April) President Lopez Mateos makes official visits to France, Yugoslavia, Poland, West Germany, and the Netherlands.
- (June) Trade missions arrive from Yugoslavia and Communist China; \$150 million loan agreement with France signed.
- (October) Tito visits Mexico.
- 1964 (21-22 February) Presidents Lopez Mateos and Johnson meet in California.

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(12-13 November) President-elect Diaz Ordaz visits President Johnson in Texas.

(December) Diaz Ordaz inaugurated President.

1965 (12 April) Government arrests 30 Communist leaders following Communist efforts to attack US Vietnam policy.

(29 April) Mexico publicly condemns US landings in the Dominican Republic [REDACTED]

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(17 November) Carlos Madrazo ousted as head of the PRI.

1966 (10-22 January) President Diaz Ordaz makes goodwill tour of the five Central American republics and Panama.

(14 April) President and Mrs. Johnson dedicate Lincoln statue in Mexico City.

(27-28 April) Students force resignation of UNAM rector and other officials.

(8 October) Troops occupy University of Morelia after students attempt to overthrow state government.

(4 November) New China News Agency representatives depart Mexico.

(3 December) Presidents Johnson and Diaz Ordaz meet at construction site of Amistad Dam on Rio Grande.

1967 (14 February) Treaty of Tlatelolco, proscribing nuclear weapons in Latin America, signed by 15 nations.

(17 May) Troops occupy state of Sonora to quell revolt against the state government.

(19 July) Government arrests 13 "Maoists," subversives funded through New China News Agency in London.

(26-28 October) President Diaz Ordaz makes official visit to US.

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- 1968 (21-29 May) Foreign Secretary Carrillo Flores visits USSR.
- (1 April) Vice President Humphrey signs Protocol II of the Treaty of Tlatelolco in Mexico.
- (23-27 April) North Vietnam's Ambassador to Cuba makes official visit to Mexico to inform Mexicans of his government's position on the Vietnam war.
- (2 June) Opposition party wins municipal and state elections but is denied victory by the ruling party, which "annuls" the results.
- (June) Peasant leader Jacinto Lopez forms new party, POAM, after expulsion from the PPS.
- (26 July - 2 October) Student disturbances are most serious civil disorders in Mexico since the 1920s.
- (6 September) Mexicans foil attempt by Cuban Ambassador to abduct defecting Cuban code clerk.
- (September) Normally pro-Soviet Mexican Communist Party (PCM) strongly criticizes Soviet invasion of Czechoslovakia.
- (2 October) "Tlatelolco massacre," bloodiest incident of the student disturbances, effectively ends the antigovernment movement. At least forty were killed, hundreds wounded and over 1,000 arrested.
- (12-27 October) Mexico hosts summer Olympics.
- (October) Foreign Secretary Carrillo Flores says Estrada Doctrine applies only to Latin America and that Mexico would not hesitate to suspend relations with any country should it be in Mexico's interests to do so.
- (16 November) Leftist leader Vicente Lombardo Toledano dies; Jorge Cruickshank Garcia becomes secretary general of the badly divided Popular Socialist Party (PPS).
- (13 December) Presidents Diaz Ordaz and Johnson meet in El Paso.

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1969 (April-July) Series of clashes between PRI and opposition PAN in Yucatan.

(3 September) Series of incidents between Cuba and Mexico is capped by Cuban charges that Mexican diplomat in Havana is an intelligence agent for the US.

(8 September) Presidents Diaz Ordaz and Nixon inaugurate Amistad Dam.

(October) Intense US campaign of border inspection to stop smuggling of narcotics draws strong protest from Mexico and causes precipitate deterioration in US-Mexican relations.

(28 October) Senate extends Mexico's territorial sea to 12 miles.

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(22 December) Suffrage is extended to 18-year-olds.

1970 (1 May) New Labor Law becomes effective.

(5 July) Luis Echeverria elected President

(1 December) Echeverria is inaugurated president.

(18 March) Mexico expels five Soviet diplomats following the disclosure of a foreign-trained Communist guerrilla group operating in Mexico.

(5 June) Governor of Nuevo Leon resigns following university crisis.

(10 June) The regent of the federal district and the chief of police resign after the loss of an undetermined number of lives when official goon squads beat student demonstrators.

(19 August) Attorney General Sanchez Vargas resigns following public clamor over official whitewash of 10 June events.

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TABULAR DATA

Holidays and Significant Dates

1 January	New Year's Day
5 February	Promulgation of 1917 constitution
21 March	Benito Juarez' Birthday
April or March	Holy Week
1 May	Labor Day
5 May	Victory of Gen. Zaragoza
8 May	Birthday of Hidalgo y Castillo, independence leader
16 September	Independence Day
12 October	Columbus Day
2 November	All Souls Day
20 November	Anniversary of the outbreak of the Revolution, 1910
12 December	Our Lady of Guadalupe Day
25 December	Christmas

Selected Factual Data

LAND

764,000 sq. miles; 13% cropland; 43% meadows and pastures; 22% forested; 22% desert, waste, or other
Limits of territorial waters: 12 miles

PEOPLE

Population: 51 million (1971) and increasing by 3.5% annually; density 66 persons per sq. mile; males 15-49, 11 million; fit for military service, 7 million; approximately 595,000 reach military age (18) annually
Ethnic composition: 60% mestizo, 30% Indian, 10% white
Religion: 97% Roman Catholic
Language: Spanish
Literacy: 60-65%
School year: September-June
Labor force (1969): 15.4 million; 47% agriculture, 24% industry, 11% commerce, 4% transportation and communications, 14% services. No reliable unemployment figures.
Organized labor: 13% of labor force; 24.5% of wage and salary earners.
Time zone (Mexico City): EST - 1 hour (GMT - 6 hours)

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GOVERNMENT

Constitutional federal republic, operating in fact under a centralized government. Congress convenes on 1 September for a regular session not to last longer than 31 December.

Branches of government: dominant executive branch, nonre-elective six-year presidential term; bicameral legislature with six-year term for 60 member senate and three-year term for 178 deputies.

President: Luis Echeverria Alvarez. There is no vice president or automatic successor in case of absence or incapacity of the president.

Attitude of incumbent regime toward US: friendly

Capital: Mexico City

Regional breakdown: 29 states, 2 territories, Federal District

Principal political parties and leaders: the ruling Institutional Revolutionary Party (PRI), Manuel Sanchez Vite. Three small opposition parties have been granted voice in the legislature: the National Action Party (PAN), Manuel Gonzalez Hinojosa; the Popular Socialist Party (PPS) Jorge Cruickshank Garcia; and the Authentic Revolutionary Party of Mexico (PARM), Gen. Juan Barragan

Voting strengths: in the 1970 congressional elections the PRI received 83.8% of the vote; PAN, 14.1%; PPS, 1.4%; and PARM 0.8%

The Mexican Communist Party (PCM) is too small to pass registration requirements to run candidates and has little influence

Suffrage: universal over age 18; compulsory but unenforced

Next national election: July 1973 for the Chamber of Deputies

Registered voters: 20,811,072 as of 29 March 1970

Significant exclusions from voting: none

Abstention: 35.7% in 1970

Extent of fraud: serious only in certain local and state elections

System of balloting: direct election

Member of UN, OAS, LAFTA

ECONOMY

GNP: \$42.5 billion (1970), \$850 per capita (purchasing power parity estimate). Real growth rate in 1970, 7.5%

Budget: \$5.3 billion (1969)

Agriculture: self sufficient in virtually all foods at an average Latin American level of food consumption; major crops and livestock commodities are cotton, coffee, corn, wheat, beans, sugar, beef, and shrimp

Major industries: food processing, beverages and tobacco; chemicals

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including fertilizers and petrochemicals; textiles; metallurgy; and rapidly developing industries producing machinery and equipment, including automobiles; along with Brazil and Argentina, Mexico has the most highly developed industrial complex in Latin America

Electric power: 6,140,000 kw. capacity (1968); 22.5 billion kw.-hr. produced (1968); 476 kw.-hr. per capita

Principal exports: cotton, coffee, nonferrous minerals, sugar, shrimp, corn, petroleum, sulphur, salt, cattle and meat, fresh fruit and tomatoes. Total 1970, \$1.3 million

Principal imports: machinery, equipment, industrial vehicles, and intermediate goods. Total 1970, \$2.4 million

Exports to US: (1970) \$970 million

Imports from US: (1970) \$1.5 million

Other important trade partners: Japan, West Germany, France

Trade/aid: not a major recipient of US Alliance for Progress funds;

Total US loans and grants 1946-68: \$1,153.4 million, of which \$10.5 million in military aid. Total assistance from international organizations (1946-68): \$1,097.7 million

US direct private investment: \$1,459 million (1968)

Exchange rate: 12.5 pesos=US\$1

COMMUNICATIONS

Railroads: 12,900 miles, about 95% standard gage, remainder narrow gage. 64 mi. electrified

Highways: 45,000 mi., including 26,600 mi. paved, 12,300 gravel, most of remainder improved earth

Inland waterways: over 1,800 miles navigable

Pipelines: 2,405 mi. crude oil; 2,085 mi. refined products; 3,465 mi. natural gas

Ports: 2 principal, 7 secondary, 20 minor

Merchant marine: 41 ships (1,000 GRT or over) totaling 356,700 GRT (549,500 DWT)

Civil air: 87 major transport aircraft

Airfields: 1,816 total, 1,221 usable; 90 with permanent-surface runways; 1 with runway over 12,000 ft.; 15 with runways 8,000-11,999 ft.; 195 with runways 4,000-7,999 ft.; 8 seaplane stations

Telecommunications: highly developed telecom system with extensive radio relay links; communication satellite ground station; over 1.13 million telephones, about 5 million radio and 2.2 million TV receivers, over 500 AM, 82 FM, and 69 TV stations

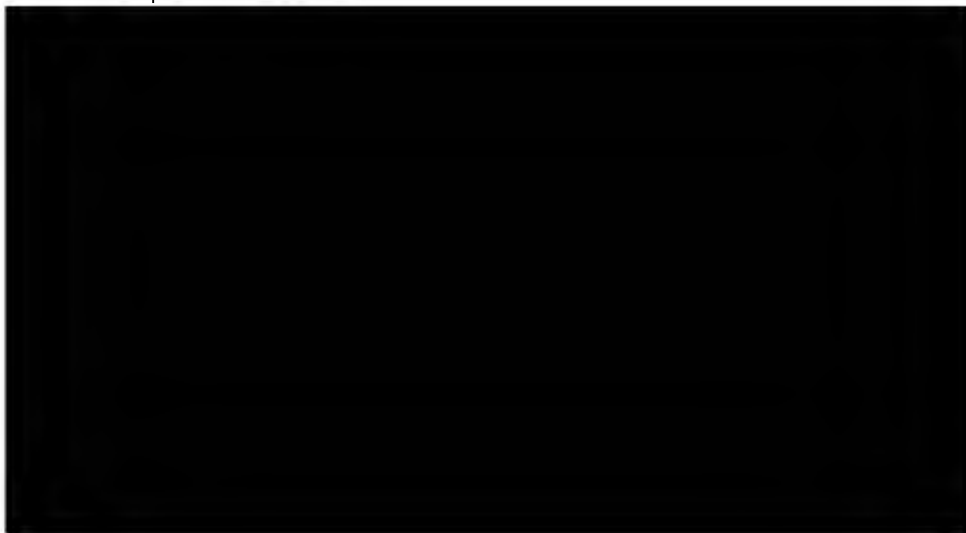
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DEFENSE FORCES

Personnel: army 64,000, navy 11,500, air force 4,275
Major ground units: 2 infantry brigades, 20 cavalry regiments (battalion size), 1 mechanized cavalry regiment (battalion size). 52 infantry battalions, 2 artillery battalions
Loyalty to government: loyal and generally apolitical
US missions: none
US military aid: \$10.5 million (1946-68)
Aircraft: air force 261 including 10 jets and 9 helicopters
Ships: 20 patrol escort, 1 large sub chaser, 3 auxiliary craft, 17 service craft, 4 high-speed transports
Supply: produces small arms, mortars, ammunition and quartermaster equipment; imports other materiel from US and Western Europe
Percent of national budget: 9.6% in 1969

RELATIONS WITH COMMUNIST COUNTRIES

Resident diplomatic missions: USSR, Poland, Yugoslavia, Czechoslovakia, Cuba
Consular missions: Cuban in Tampico and Merida (Veracruz believed closed permanently)
Permanent commercial missions: Poland, Czechoslovakia, USSR, Cuba
Exports: under 1%
Imports: under 1%



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